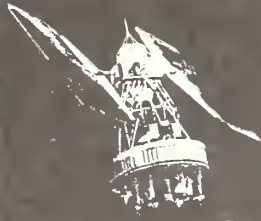
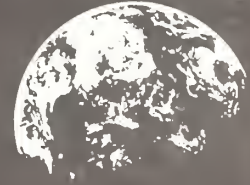


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Farm Broadcasters Letter



Letter No. 2250

February 20, 1986

PATTERNS OF EXPORTS DIFFER

The U.S. Department of Agriculture expects the seasonal pattern of U.S. agricultural exports in fiscal 1986 to be significantly different from earlier years due to new commodity programs. Normally, a heavy movement of agricultural exports occurs in the first quarter of the fiscal year. However, this year, traders are sorting out the implications of the new commodity programs and awaiting announcement of additional details. Summer-quarter corn sales will likely slow considerably as importers delay purchases until fall when prices are expected to be lower.

LOWER PRICES TO RAISE EXPORTS

The new Farm Bill begins a 5-year Federal government program to allow U.S. prices for wheat, feed grains, cotton, and rice to become competitive on the world market. According to the U.S. Department of Agriculture, loan rates are more closely linked to market prices than under the last farm bill, although target prices are frozen for 1986 and 1987 to bolster farm income. The act also authorizes a conservation reserve of up to 45 million acres. Farmers will receive an annual rental payment in return for placing land in the reserve for 10 years. Lower crop loan rates are designed to boost use of U.S. commodities.

LAND EXCHANGE

On Feb. 19, the U.S. Departments of Agriculture and Interior send a proposal to Congress to interchange about 25 million acres of land between USDA's Forest Service and the Bureau of Land Management. The proposal would also transfer minerals management authority to USDA for areas under Forest Service jurisdiction. The proposal would consolidate offices in 35 towns and eventually reduce over 350 jobs, producing annual savings of \$13-\$15 million. Personnel reductions will be achieved through attrition, and layoffs are not anticipated.

FARM INPUTS COST FALLING

The prices of major farm production inputs fell in 1985 and are forecast to continue falling in 1986, according to the U.S. Department of Agriculture. As a result, 1986 variable expenses for crop production should average 1 to 2 pct. lower. Livestock production expenses, which include feed costs, will decline significantly.

NORTON RESIGNS

John Norton tendered his resignation to President Reagan, Feb. 20. He had served as the Acting Secretary of Agriculture since the departure of former Sec'y of Agric. John Block, Feb. 14. Deputy Sec'y of Agric. Frank Naylor is serving as the new Acting Sec'y of Agric.

DAIRY OUTLOOK

The biggest impact of the new Farm Bill on milk production will probably come from the herd buyout program, according to the U.S. Department of Agriculture. The bill aims to remove 12 billion pounds of production capacity by Sept. 1987. Despite the extra animals from the buyout program, cow slaughter for 1986 may still be down somewhat from a year earlier, because of continuing declines in the beef cow inventory.

1986 NET
FARM INCOME

The new farm income in 1986 is forecast to decline again, according to the U.S. Department of Agriculture. A large drop projected for total expenses will be offset by a decline in crop marketing receipts and a lower value of inventory change. Net farm income is currently forecast to total between \$21 and \$25 billion, following the expected \$29 to \$32 billion for 1985 and the record \$34.5 billion for 1984. Net cash income is forecast at \$37-\$41 billion, down from last year's forecast record \$41-\$44 billion, but about even with 1984's \$39.2 billion. Cash income will be supported by higher livestock prices and large Government payments to crop farmers.

VALUE LOWERED,
VOLUME RAISED

The value of U.S. agricultural exports is estimated by the U.S. Department of Agriculture at \$28 billion, 10 pct. below the 1985 value and \$1 billion less than the Dec. estimate. Much of the decline from last year is because of lower prices for most major commodities, reflecting large supplies and sluggish demand for 1985/86, and sharply lower loan rates for wheat in the 1986/87 marketing year. The volume of U.S. agricultural exports in fiscal 1986 is forecast at 122½ million tons, up 2 million from the Dec. estimate. The increased forecast stems largely from improved prospects for soybean exports. Nevertheless, export volume is expected to decline for the sixth straight year.

USDA ALLOWS
AMENDED ACREAGE
REPORTS

The U.S. Department of Agriculture will permit producers of insured fall-planted crops to file amended acreage reports showing new harvesting intentions that have been revised because of recent changes in USDA commodity programs. According to Merritt Sprague, manager of USDA's Federal Crop Insurance Corporation, "Farmers should not be forced to pay a premium on a crop they may have to destroy to participate in the government's commodity programs." He asks the producers to act promptly to make their decisions known to their crop insurance agents so that FCIC can process in a timely manner the considerable paperwork expected.

DECLINE IN WORLD
FOOD NEEDS

During 1985/86, 69 developing countries will need 22.6 million tons of additional cereals to meet minimal nutritional standards, according to the U.S. Department of Agriculture. That's down more than 3 million tons from requirements in 1984/85. The decline is largely due to the greatly improved food situation in Africa. Physical restraints will allow the 69 countries to absorb only an estimated 18 million tons, unchanged from the July estimate.

CATTLE ON
FEED

Cattle and calves on feed on Feb. 1 for the slaughter market in the 7 States preparing monthly estimates totaled 7.62 million head, down 7 pct. from a year ago and 4 pct. below Feb. 1, 1984, according to the U.S. Department of Agriculture. Marketings of fed cattle during Jan. totaled 1.74 million, a decrease of 2 pct. from last year but 11 pct. more than Jan. 1984.

FROM OUR
TELEVISION
SERVICE

AGRICULTURAL OUTLOOK...The Food Security Act of 1985 begins a five-year Federal government program to allow U.S. prices for wheat, feed grains, cotton and rice to become competitive on the world market. USDA economist Herb Moses focuses on factors contributing to the agricultural outlook for 1986. DeBoria Janifer interviews. (126)

FmHA CHANGES AND UPDATES...Vance Clark, administrator of USDA's Farmers Home Administration, talks about current issues and changes at FmHA and comments on the "letters of intent" recently sent to farmers in financial trouble. DeBoria Janifer interviews. (127)

AGRICULTURAL RESOURCES...The 1985 Farm Bill calls for fewer acres to be planted, and many farmers are attempting to hold down input costs. USDA economist Paul Andrienas examines the outlook for agricultural resources in 1986. DeBoria Janifer interviews. (128)

SURVIVING THE FARM CRISIS...A large number of the nation's 2.3 million farms have some financial difficulties and many of them face survival problems. Bea Bagbey with the University of Illinois Cooperative Extension Service talks about how a program called "Rural Route" has helped farmers deal with the crisis. DeBoria Janifer interviews. (129)

FARM CRISIS - THE PROJECT SUPPORT PROGRAM...Dick Hawkins, extension economist with the University of Minnesota, describes the financial crisis situation in Minnesota and focuses on "Project Support", a program designed to help farm families in dealing with problems. DeBoria Janifer interviews. (130)

FROM OUR RADIO
SERVICE

AGRICULTURE USA #1499...(Weekly 13½ min documentary) The farm crisis continues. Experts say it's going to be a number of years before many farmers see the light. However, experts in farm states are better equipped to deal with farmer's problems than ever before. In this edition of Agriculture USA, Brenda Curtis talks to three experts on this subject.

AGRITAPE/FARM PROGRAM REPORT #1488...(Weekly reel of news features) USDA news highlights; Commodity Credit Corporation affected by Gramm-Rudman-Hollings Act; Details of 1986 cotton program; Land swap II; Reagan freezes grazing fees.

CONSUMER TIME #981...(Weekly reel of 2½-3 min features) Car protection plans; Pork irradiation; New industries moving south; Who gets the jobs; Pulling people above the poverty level.

USDA RADIO NEWS SERVICE...Tues, Feb. 25, Weekly crop and weather, Eggs, chickens and turkeys, Fruit; Fri, Feb. 28, Agricultural prices, Feed; Tues, Mar. 4, Weekly crop and weather; Wed, Mar. 5, Dairy products. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. EST each working day.

OFF MIKE

Last week we did a bit of calling around to set up a couple telephone events. These calls always seem to surface interesting pieces of information, and this was no exception. When we called down to the Tobacco Net in Raleigh, NC, we learned that Ray Wilkinson was over in Europe with the ASC trade mission. Then we called out to KMA in Shenandoah, IA, and learned that Craighton Knau was in the land down-under, Australia. No word on when they would be back at home base...probably by the time you read this ... Bill Alford (Blair Radio, Cedar Rapids, IA) was in town this week, but we missed connecting up for an eyeball-to-eyeball visit. We had a press conference that day, and I was out of the office when Bill was available. He called from National Airport in mid-afternoon to say "Hi" and to report he was still fogbound with no way to know if and when his connecting flight would get in. We assume he made it, but the fog was still dense when we went home ... Bob Bosold (WAXX, Eau Claire, WI) reports on an interesting project. Weather prevented harvesting corn in many fields, so Bob set up a "Corn Picking party" with his listeners. He reports over 150 people showed up to pick a 10-acre field, and they did it in about 4 hours. Bob said everyone wanted to know when he planned to do it again!! ... Also via the newsletter route, we learned that WGN's Farm Department "Chief of Staff" Lottie Kearns celebrated a birthday in fine style just after Valentine's Day. Orion Samuelson and Max Armstrong took her to lunch to, (and here I'm quoting the newsletter,) "... Wendy's? ... McDonald's? ... with Herb at Burger King? ... NO! At the Oak Terrace Room at the Drake Hotel." So, a "Happy B-Day, Lottie" ... Warren Nielson (KFAB, Omaha, NE) has done it again. Win an award, that is! This time it was the Nebraska Fertilizer and Ag-Chemical Institute's "Media Award." Interesting sidebar to the story...Warren's co-worker, Roger Flemmer was runner-up for the honor.


JAMES I. JOHNSON, Chief
Radio-Television Division



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